

Regional and State Nonfarm Wages and Salaries Thus Far in the 1980's

FROM the first quarter of 1980, the peak quarter of the most recent sustained national business cycle expansion, to the third quarter of 1982, the most recent quarter for which estimates of regional and State personal income are available, nonfarm wage and salary disbursements (payrolls) increased less than the national average in three northern and central regions (Great Lakes, Plains, and Midwest) and more than the national average in four southern and western regions (Southwest, Rocky Mountain, Far West, and Southeast) and in New England.¹ For six of the eight regions,

the pattern thus far in the 1980's was similar to that from 1969 to 1979: the 1969-79 increase in nonfarm payrolls was less than the national average in the Great Lakes and Midwest regions and more than the national average in the four southern and western regions. For two regions, the patterns were different: the 1969-79 increase in nonfarm payrolls was more than the national average in the Plains region and less than the national average in New England.

Thus far in the 1980's, nonfarm payrolls in the Nation increased a modest 18.5 percent.² The first row of table 1 shows, for the Nation, the percent change in nonfarm payrolls by

industry. Construction and durables manufacturing had the smallest increases; the small increase in durables manufacturing payrolls in part reflected weakness in the production of iron and steel, fabricated metals, motor vehicles, and farm equipment. Mining, services, and the finance group had the largest increases. Rows 2-9 of table 1 show, for each of the eight BEA regions, the percent change in nonfarm payrolls by industry. Discussions of the regional percent changes relative to the national percent changes (bottom part of table 1), and the factors that underlie them, follow. In general, the factors reflect the relative contributions to regional nonfarm payrolls of industries with varying rates of production growth nationally. The regional percent changes are discussed in ascending order.

1. Nonfarm wages and salaries, which are the largest component of personal income, are used because, on a quarterly basis, estimates of nonfarm wages and salaries for regions and States are more reliable than estimates of most other components of personal income.

2. Prices, as measured by implicit price deflators for both GNP and personal consumption expenditures, increased about 20 percent.

Table 1.—Percent Change in Nonfarm Payrolls, by Industry, 1980-I-1982: III, United States and BEA Regions

Line		Total	Construction	Durables manufacturing	Nondurables manufacturing	Wholesale and retail trade	Transportation, communication, and public utilities	State and local government	Federal Government	Finance, insurance, and real estate	Services	Mining
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Percent change												
1	United States.....	18.5	4.3	6.5	13.8	18.1	17.2	28.2	26.8	26.6	33.8	35.4
2	Great Lakes.....	10.0	-13.6	-2.6	12.0	8.2	10.3	16.8	17.3	23.9	26.7	8.2
3	Plains.....	14.1	-8.0	3.2	14.7	10.3	9.6	29.7	20.2	25.8	31.8	-4.8
4	Midwest.....	17.9	5.3	3.1	12.8	16.2	15.9	19.8	17.4	23.9	32.7	4.5
5	Southeast.....	26.6	9.1	9.4	13.8	19.8	19.8	22.7	23.3	30.1	35.6	29.0
6	Far West.....	20.3	-7	16.7	15.8	18.0	19.2	17.5	24.5	27.7	34.1	47.9
7	New England.....	26.3	26.3	14.9	13.1	18.8	22.7	9.9	20.6	36.6	34.3	18.4
8	Rocky Mountain.....	23.1	18.1	14.0	17.4	21.0	20.2	22.4	17.1	31.4	35.0	88.5
9	Southwest.....	32.6	23.2	21.9	24.6	30.0	26.9	34.4	20.9	39.2	66.4	81.3
Index, U.S. percent change=100												
1	United States.....	100	100	100	100	100	100	100	100	100	100	100
2	Great Lakes.....	49	93	93	88	46	60	73	85	78	89	17
3	Plains.....	76	93	46	108	81	87	103	97	84	95	95
4	Midwest.....	97	122	46	93	86	92	94	84	111	97	12
5	Southeast.....	111	212	145	89	117	114	113	112	98	106	30
6	Far West.....	112	93	289	114	107	112	87	119	91	102	125
7	New England.....	112	262	230	94	111	132	46	80	121	104	45
8	Rocky Mountain.....	125	122	216	128	124	118	111	82	108	104	92
9	Southwest.....	176	646	239	179	177	166	176	100	128	138	168

Note.—The 18 major industries are ranked in ascending order by their percent changes in the Nation (columns 2-11). The regions are ranked in ascending order by the percent change in total nonfarm payrolls (column 1).

Table 2.—Percent Distribution of Nonfarm Payrolls, by Industry, 1979, United States and BEA Regions

Line		Total	Construction	Durables manufacturing	Nondurables manufacturing	Wholesale and retail trade	Transportation, communication, and public utilities	State and local government	Federal Government	Finance, insurance, and real estate	Services	Mining
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1	United States.....	100.0	6.9	17.1	9.5	17.1	7.7	12.7	6.2	6.6	16.0	1.6
2	Great Lakes.....	100.0	5.4	28.6	9.4	16.2	6.9	13.5	2.8	4.6	19.5	.8
3	Plains.....	100.0	4.5	18.2	9.8	19.4	9.2	12.9	4.9	6.4	14.8	1.1
4	Mideast.....	100.0	4.9	15.9	10.7	18.9	8.0	12.9	6.6	7.0	18.0	.5
5	Southeast.....	100.0	6.6	12.0	18.0	17.8	8.0	13.0	8.6	4.9	19.0	2.4
6	Far West.....	100.0	6.1	16.6	6.8	17.7	7.2	18.6	6.6	6.0	18.2	.8
7	New England.....	100.0	4.1	23.0	9.5	16.1	6.9	13.3	4.5	6.3	17.9	.1
8	Rocky Mountain.....	100.0	8.1	11.8	5.4	18.2	8.1	12.7	5.6	8.2	14.6	6.6
9	Southwest.....	100.0	8.9	12.2	7.2	19.1	8.9	12.3	7.1	5.4	14.9	6.9

1. Rows do not sum to 100 percent because other nonfarm payrolls, which consist of payrolls in agricultural services, forestry, and fisheries and payrolls of U.S. residents working for international organizations, are not shown separately.

Note.—For rankings of industries and regions, see note to table 1.

In the Great Lakes region, the below-average increase in nonfarm payrolls was mainly accounted for by durables manufacturing. The Great Lakes region had the only regional decline in durables manufacturing payrolls, and the industry's weight, that is, the percent of total nonfarm payrolls accounted for by durables manufacturing, was larger than in any other region (table 2). Within durables manufacturing, iron and steel, fabricated metals, machinery, and motor vehicles had large weights in the Great Lakes region and registered large declines in production. Payroll increases that were smaller than in any other region in nondurables manufacturing, trade, and services and a payroll decline that was larger than in any other region in construction also contributed to the below-average increase. The increase in nonfarm payrolls was below the national average in each Great Lakes State (chart 7). The increases ranged from 5.5 percent in Indiana—ranking 50th among all States—to 10.8 percent in Ohio—ranking 42nd.

In the Plains region, the below-average increase in nonfarm payrolls was mainly accounted for by durables manufacturing, construction, trade, and services. In part reflecting weakness in farm income, payrolls declined in construction and increased at rates that were well below the national average in durables manufacturing, trade, and services. Within durables manufacturing, farm equipment and transportation equipment had large weights in the Plains and registered large declines in production. The increase in nonfarm payrolls was below

the national average in each Plains State except North Dakota. The increases ranged from 6.4 percent in Iowa—ranking 48th among all States—to 25.2 percent in North Dakota—ranking 8th.

In the Mideast, the below-average increase in nonfarm payrolls was mainly accounted for by durables and nondurables manufacturing and by the Federal Government. The iron and steel and machinery components of durables manufacturing and the chemicals component of nondurables manufacturing had large weights in the Mideast and registered large declines in production. The Mideast's increase in Federal Government payrolls was smaller than in any other region except the Rocky Mountain. The increase in nonfarm payrolls was below the national average in Pennsylvania, Delaware, and Maryland and above the national average in New York and New Jersey. The increases ranged from 9.9 percent in Pennsylvania—ranking 43rd among all States—to 22.0 percent in New York—ranking 16th.

In the Southeast, the above-average increase in nonfarm payrolls was mainly accounted for by construction, durables manufacturing, trade, and both State and local and Federal Government. The Southeast's increase in Federal Government payrolls was larger than in any other region except the Far West, and the industry's weight in the Southeast was larger than in any other region except the Rocky Mountain. Increases in nonfarm payrolls that were above the national average in Florida, Louisiana, Virginia, Georgia, and South

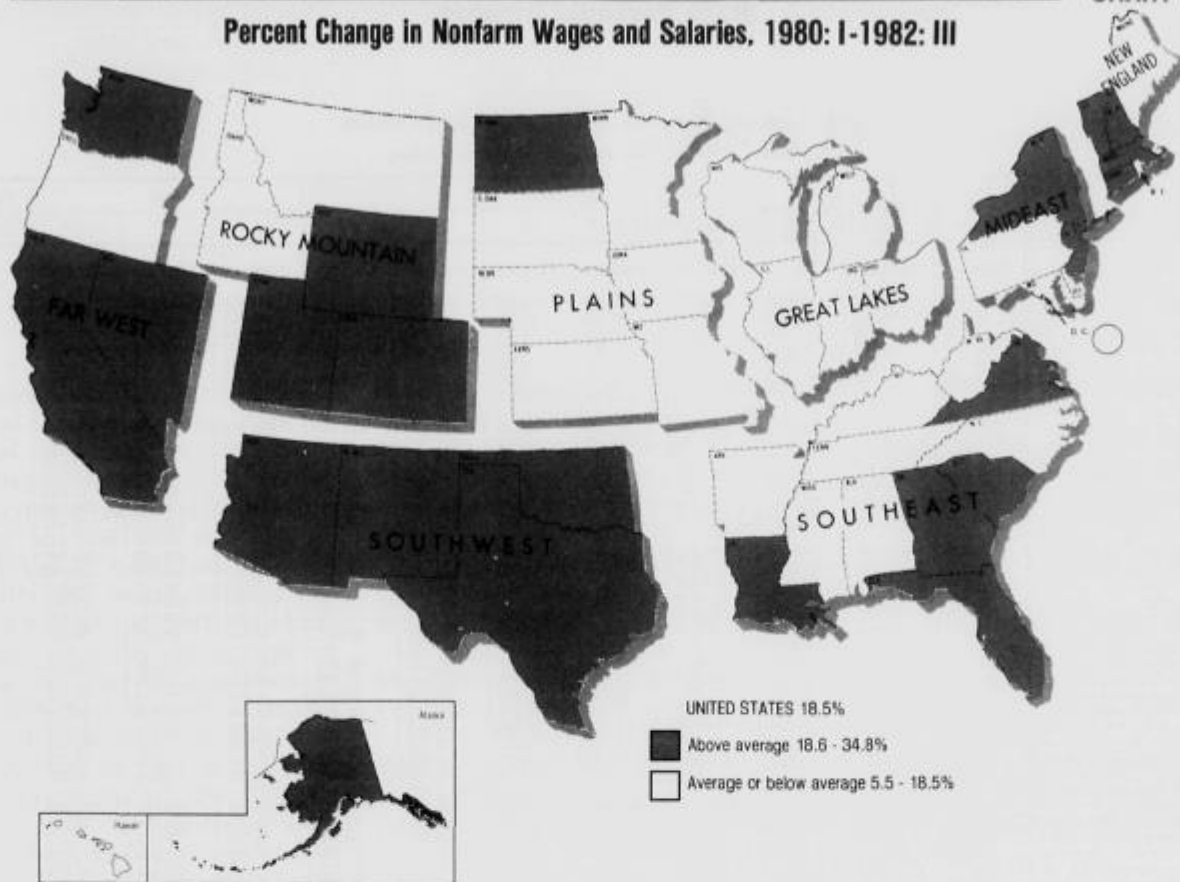
Carolina more than offset below-average increases in the other seven Southeast States. The increases ranged from 30.9 percent in Florida—ranking 3rd among all States—to 9.1 percent in West Virginia—ranking 46th.

In the Far West, the above-average increase in nonfarm payrolls was mainly accounted for by durables and nondurables manufacturing and Federal Government. The payroll increase in durables manufacturing was larger than in any other region except the Southwest. Within durables manufacturing, defense equipment and electronic components had large weights in the Far West, and production in these industries was well maintained. In contrast, lumber, which had a large weight in the Far West, registered a large decline in production. The Far West's increase in Federal Government payrolls was larger than in any other region. The increase in nonfarm payrolls was above the national average in each Far West State except Oregon. The increases ranged from 22.4 percent in Nevada—ranking 18th among all States—to 5.8 percent in Oregon—ranking 49th.

In New England, the above-average increase in nonfarm payrolls was mainly accounted for by durables manufacturing, construction, and the finance group. New England had an increase in durables manufacturing payrolls that was more than twice the national increase, and the industry's weight was larger than in any other region except the Great Lakes. Within durables manufacturing, defense equipment, electronic components, and instruments had large

CHART 7

Percent Change in Nonfarm Wages and Salaries, 1980: I-1982: III



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weights in New England, and production in these industries was well maintained. New England's increase in construction payrolls was larger than in any other region. The increase in nonfarm payrolls was above the national average in each New England State except Rhode Island and Maine. The increases ranged from 26.9 percent in New Hampshire—ranking 7th among all States—to 16.0 percent in Rhode Island—ranking 33rd.

In the Rocky Mountain region, the above-average increase in nonfarm payrolls was mainly accounted for by

construction, durables manufacturing, and private service-type industries. Among private service-type industries, the payroll increase in trade was larger than in any other region except the Southwest. The increase in nonfarm payrolls was above the national average in Colorado, Wyoming, and Utah and below the national average in Idaho and Montana. The increases ranged from 27.7 percent in Colorado—ranking 6th among all States—to 11.6 percent in Idaho—ranking 41st.

In the Southwest, the above-average increase in nonfarm payrolls was ac-

counted for by payroll increases that were larger than in any other region in nearly all industries. In particular, the defense equipment component of durables manufacturing and the petroleum and natural gas component of mining had large weights in the Southwest, and production in these components was well maintained. The increase in nonfarm payrolls was above the national average in each Southwest State. The increases ranged from 34.8 percent in Oklahoma—ranking 1st among all States—to 22.2 percent in Arizona—ranking 15th.